

INTELLOFAX 31

CENTRAL INTELLIGENCE AGENCY

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REPORT NO.

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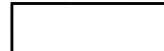
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1. A meeting of Soviet SMV (Soviet Oil Administration) directors and their Austrian assistants was held in SMV headquarters in Vienna on 12 January 1953. The meeting was presided over by (fnu) Gruelov (phonetic), the chief of a four-man mission sent to Vienna from Moscow to revise the SMV accounting system. Gruelov's three deputies are in charge of production, drilling and refining, respectively.
2. Gruelov issued the following instructions:
 - a. In the past, SMV headquarters in Moscow considered SMV operations in Austria as a single producing unit and received reports only on the total SMV production in Austria. Also, the average cost per ton of crude oil was calculated on the basis of statistics covering the entire SMV complex in Austria. Henceforth, however, each section will be considered a separate unit and will do its own cost accounting.¹
 - b. All sections are to calculate their expenses for the quarter starting 1 February 1953 and are to submit their estimates prior to 20 January. The estimates will be examined and approved by a committee, which will

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
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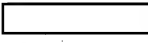
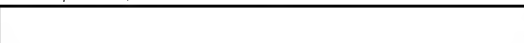

include representatives of the Moscow headquarters.²

3. Gruelov stated that the above system is in effect in the USSR.

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1.  Comment: This system is intended to initiate competition between individual oil fields to lower production costs.

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2.  Comment:  the appointment of a committee of SMV functionaries which will be in charge of allocating funds to SMV sections for each quarter. 

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